

CERE-R (405)

16 JAN 1998

DOWNNEY
CERE-RP
CHAPMAN
CERE-R
FAC
CERE-ZB
FRANKEL
CERE-RA

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Homeowners Assistance Program (HAP)-Market Impact Reports

1. Reference CERE-R memorandum, dated 5 December 1997, subject HAP-Benefit Payments
2. The normal commuting distance for each on-going program must be specified in writing and furnished this office by 21 January 1998.
3. Each time a market impact report (MIR) is furnished to the responsible Division office for approval, a copy must be submitted to this office in order to ascertain the possible fiscal impact of expanding the program. Additionally, each time the Division office renders a decision on the MIR, a copy of the decision must be furnished this office.
4. These procedures are effective immediately.

FOR THE COMMANDER:

B. J. FRANKEL
Director of Real Estate

DISTRIBUTION:
COMMANDER

NORTH ATLANTIC DIVISION, ATTN: CENAD-ET-R
SOUTH ATLANTIC DIVISION, ATTN: CESAD-ET-R
SOUTH PACIFIC DIVISION, ATTN: CESP-ET-R
SOUTHWESTERN DIVISION, ATTN: CESWD-ET-R
BALTIMORE DISTRICT, ATTN: CENAB-RE
SACRAMENTO DISTRICT, ATTN: CESP-RE
SAVANNAH DISTRICT, ATTN: CESAS-RE
FORT WORTH DISTRICT, ATTN: CESWF-RE

Multiple copies



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

F-11

REPLY TO
ATTENTION OF:

CERE-R. (405)

5 December 1997

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Homeowners Assistance Program (HAP) - Benefit Payments

1. Reference CERE-R. memorandum, dated 7 October 1996, subject: Homeowners Assistance Program (HAP), Government Acquisition Benefits (copy enclosed).
2. The current process of using market impact studies to define applicant eligibility in limited impact areas for approved HAPs continues to cause confusion. We are able to prove a causal relationship of a real estate decline in the area surrounding an installation due to an announced closure or realignment; however, it is difficult to prove a causal relationship between a specific home and the announcement.
3. In most approved program areas, we continue to receive inquiries from homeowners who, for one reason or another, have difficulty in selling their homes for the amount of the outstanding mortgages. It is difficult to tell these people, who have lost a job and are being required to relocate, that HAP is unable to help them because they don't live in the defined market impact area.
4. Accordingly, this memorandum provides for the criteria to be used in expanding the eligibility requirements for HAP applicants who reside outside the impact area of an approved program.
5. The following policy applies when implementing the referenced memorandum:
 - a. Districts will make a determination regarding the normal commuting distance for each installation under their purview. The normal commute should be identified in miles or time from an installation. A normal commute may be dependent upon a number of factors. Each District must provide the normal commute for each currently active program to CERE-R.
 - b. For individuals whose dwellings are within a pre-approved market impact study area, benefits will continue to be paid as always. If the program implementation letter advises they must suffer a loss to receive benefits, this loss must occur to receive payments for closing costs for private sale benefits.

c. For individuals assigned and commuting on a daily basis to the affected installation, whose dwellings are outside of the pre-approved market impact area, but within the normal commuting distance of the installation, eligibility should be considered if there has been at least a five percent decline between the prior fair market value (PFMV) and the current fair market value (CFMV), and this decline was as the result of the actual or pending closing of such base or installation. The value decline will be determined by appraisals of the individual homes. The causal relationship must be shown by a minimum of one of the criteria as identified in ER 405-1-12, Chapter 7, Section III, paragraph 7-8; or as identified in Real Estate Policy Guidance Letter No. 10, dated 6 February 1995. The District Chief of Real Estate has this approval authority.

d. For individuals assigned and commuting on a daily basis to the affected installation, whose dwellings are outside the pre-approved market impact area and also outside of the normal commuting distance, a causal relationship and a five percent decline in value must be evident in order to pay benefits. The District Chief of Real Estate is authorized to make this determination.

e. A market impact report (MIR) establishing the causal relationship of a market decline must be completed for groups of individuals, (more than five); however, prior to completing the MIR, appraisals must establish that the dwellings declined in value at least five percent between the PFMV and the CFMV. The district must make a finding of the direct causal relationship between the announced closure or realignment (DOD action) and the adverse market conditions, as identified by the enclosed requirements for an MIR. The Division Chief of Real Estate has this approval authority.

f. An MIR may be used for subparagraphs c and d to approve multiple units at one time and must be used for all cases falling under subparagraph e.

g. The approval of MIR's is delegated to the Division Chief of Real Estate, provided that Chief has a state certified appraiser on staff, or obtains such support from another Division or Headquarters.

h. In order for us to assess the impact of this change, the district must provide a monthly report specifying the installation, individual and location of each property located outside of the impact area. Additionally, copies of all MIRs, must be sent, through division, to HQUSACE (CERE-R). The district must also upward report the resource impacts that such expansion has on the approved HAP.

CERE-R. (405)

5 December 1997

SUBJECT: Homeowners Assistance Program (HAP) - Benefit Payments

i. Individuals not assigned to the affected installation, (section [m] of 42 U.S.C. 3374), are eligible for benefits as described in subparagraphs a, b, c, and d above.

6. These changes are effective immediately.

FOR THE COMMANDER:


B. J. FRANKEL

Director of Real Estate

Encl

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Market Impact Report (MIR)

Requirements

1. A Market Impact Report (MIR) must prove two factors:
 - a. The causal relationship between the installation closure or realignment and the decline in real estate values in a specific area; and,
 - b. A decline of at least 5% in the market value of an applicant's house.
2. The report must include a statement that the DOD announcement of closure or realignment caused, or contributed substantially to the decline in market values in the area, and include the following: a description of the area and its boundaries; distance from the installation; number of affected homeowners in the area, if known; a minimum of one of the criteria as identified in ER 405-1-12, Chapter 7, Section III, paragraph 7-8, or as identified in Real Estate Policy Guidance Letter No. 10, dated 6 February 1995, and any other factors affecting the real estate market.
3. A minimum of one property must be appraised in the area, and ordinarily that property will be the one owned by the applicant who initiated the MIR. The appraisal(s) should estimate: the prior fair market value of the dwelling on or immediately before the announcement date, and the current fair market value.



DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:
CERE-RP (405)

7 October 1996

MEMORANDUM THRU

~~OFFICE OF THE CHIEF OF ENGINEERS (PENTAGON)~~ 713A

~~CHARLES R. INGERSON, LTC, GS, ADECC~~

~~DIRECTOR OF ARMY STAFF~~

FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS &
HOUSING), OASA (I, L&E)

SUBJECT: Homeowners Assistance Program (HAP), Government
Acquisition Benefits -- ACTION MEMORANDUM

1. PROBLEM: The current process of using market impact studies (MIS) to define applicant eligibility in limited impact areas for approved HAP's has caused confusion. We can prove the causal relationship of a real estate decline in the surrounding area and the announced closure or realignment of the installation; however, it is more difficult to prove the causal relationship between a specific home and the announcement.

2. DISCUSSION:

a. Public Law 89-754, section (a)(3) specifies "...that as a result of the actual or pending closing of such base or installation...there is no present market for the sale of such property upon reasonable terms and conditions."

b. In the mid 1960s when the law was enacted, the effect of multiple announcements and closures was not anticipated. We have many areas of the country undergoing closures or realignments spread over multiple installations and multiple years. A person may live in one impact area but be assigned to an installation in another. Their home may be affected by one announcement and their employment by another.

7 October 1996

CERE-R (405)

SUBJECT: Homeowners Assistance Program (HAP), Government
Acquisition Benefits -- ACTION MEMORANDUM

c. By limiting the market impact area, we have eliminated some otherwise eligible applicants because they don't reside in the area. We have received numerous complaints from these homeowners indicating they are unable to sell their homes for months or years at a time when they need to move on to their new assignments.

d. Additionally, commuting patterns have changed since the inception of the law. Distances people are willing to commute to their employment have increased.

e. We propose to expand our eligibility criteria to allow those individuals whose homes are not in the pre-approved market impact area but have suffered a significant decline in value and commute on a daily basis to the affected installation to be eligible for benefits. Their benefits will be determined by appraisals as is the current method; however, their homes must have declined in value at least five percent from the prior fair market value to be entitled to a payment.

f. Those individuals who are not assigned to the affected installation will be considered to reside at or near the installation under section (m) of the law, if their residence is within a 30 mile radius of the affected installation.

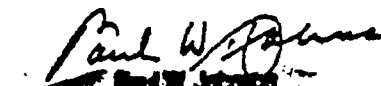
3. RECOMMENDATION: That the DASA (I&H) approve the policy expanding the eligibility criteria as specified and requiring at least a five percent decline in value for each individual home before paying benefits to HAP applicants.


FOR THE COMMANDER:

TO: CERE-R

Approved OASA (I, L&E)

DATE: 16 OCT 1996


Paul W. Johnson
Deputy Assistant Secretary of the Army
(Installations and Housing)
OASA (I, L&E)


B. J. FRANKEL
Director of Real Estate

96 OCT 11 AM 8:15

U.S. ARMY
(I, L&E)

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FOR THE COMMANDER:

W/ CERE-R

Approved OASA (I, LEE)

DATE 16 OCT 1996

Signature of Paul W. Johnson

Paul W. Johnson
Paul W. Johnson
Deputy Assistant Secretary of the Army
(Installations and Housing)
OASA (I, LEE)

B. J. Frankel
B. J. FRANKEL

Director of Real Estate

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OFC. ASST SECY ARMY
(I, LEE)

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FOR THE COMMANDER:

TO: CERE-R

Approved OASA (I, LEE)

DATE 16 OCT 1996

Paul W. Johnson
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Deputy Assistant Secretary of the Army
(Installations and Housing)
OASA (I, LEE)

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